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NO. 028

GENERAL

- 1. Bunche reports "complete impasse" at Rhodes--According to the US Delegation at the UN in New York, Acting UN Mediator Bunche has expressed to UN Secretary General Lie his "inescapable conclusion" that the prospects for an israeli-Egyptian armistice agreement at Rhodes are "virtually nil." Bunche reports that although he has exerted every effort to induce concessions, both delegations have remained adamant. Bunche adds that despite this "complete impasse," neither delegation wishes to take the responsibility of walking out of the conference. Bunche reports that as a last alternative he will seek an indefinite adjournment of the talks rather than their termination. Bunche suggests that some form of Security Council intervention now might be helpful, pointing out that the possibility of renewed fighting will be greatly increased if no agreement is signed.
- 2. Views on US policy toward Asia -- US Embassy Moscow believes that the Nationalist collapse in China calls for an urgent review of US foreign policy in Asia. According to the Embassy, it would be tragic for the US to miss the opportunity afforded by the crystalization of forces in Asia around India, as revealed by the apparent sober accomplishments of the New Delhi Conference. Although aware of the difficulties involved in assisting any regional Asiatic grouping, the Embassy considers that the risk of Communist domination of all Asia must be weighed against the risk of disagreements with Western European nations having colonial interests there. The Embassy recommends that the US take positive dramatic steps to emphasize US understanding of and political support for genuine nationalist movements in Asia. According to the Embassy, such steps should be backed by a long-range constructive program of economic technical assistance.

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NEAR EAST-AFRICA

2. PALESTINE: Rhodes deadlock continues—US Embassy Cairo reports that Egypt is unwilling to accept, as a basis for an armistice agreement with Israel, the partial withdrawal of Israeli forces from the key road junction of El Auja, as proposed by Israeli officials. The Egyptian Government informed the Embassy that it could not consider the El Auja proposal until Israel has demonstrated its good faith by an unconditional release of the Egyptian garrison at Faluja, "as already agreed upon between Egyptian and Israeli Rhodes negotiators." (The Department of State had instructed US Embassy Cairo to express to the Egyptian Government the earnest hope that Egypt would try to reach an armistice agreement with Israel on the basis of the proposed El Auja compromise.)